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BEFORE THE ARIZONA CORPORATION COMMISSION RECEIVED

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COMMISSIONERS
MIKE GLEASON - CHAIRMAN
WILLIAM A. MUNDELL

ONLY

ON

JEFF HATCH-MILLER KRISTIN K. MAYES GARY PIERCE

IN THE MATTER OF UNS GAS, INC.'S PURCHASED GAS ADJUSTOR BANK

AZ CORP COMMISSION DOCKET CONTROL Arizona Corporation Commission

DOCKETED

JUL 1 9 2007

DOCKETED BY

DOCKET NO. G-04204A-0**7**-0046

UNS GAS' PGA BANK NOTIFICATION

UNS Gas, Inc. ("UNS Gas"), through undersigned counsel, respectfully submits this notification pursuant to its PGA Tariff RR-1 (the "Tariff") that its current Purchased Gas Adjustor ("PGA") bank balance is in excess of the \$4,450,000 threshold set forth in Decision No. 68325 (December 9, 2005). However, UNS Gas does not believe a PGA rate adjustment is necessary at this time. In support hereof, UNS Gas states as follows:

I. UNS GAS' NOTICE REGARDING PGA BANK BALANCE.

UNS Gas' Tariff, as approved by the Commission, states:

A special PGA review is required if the bank balance reaches an over or under collection in the amount of \$4,450,000. Company must file an application for an adjustment within fortyfive (45) days of completing the monthly informational filing that illustrates the threshold has been exceeded or contact the ACC to discuss why a PGA rate adjustment is not necessary at this time. If the Company elects to file for an adjustment, it will submit a request to the ACC in the form of a surcharge (increase) or surcredit (decrease) to the PGA rate. The ACC, upon review, may balance amortized authorize the to be through surcharge/surcredit as part of the PGA for a specified period. Lost and unaccounted for gas recovery is limited to the lesser of the actual costs incurred or up to five percent (5.00%) of total annual throughput.

UNS Gas' most-recently completed monthly informational filing indicates that the over-collection threshold has been exceeded. Specifically, UNS Gas' June 5, 2007 monthly informational filing indicated an over-collected bank balance of \$5,057,133.30 existed as of

March 31, 2007, exceeding the current \$4,450,000 threshold level for filing this application.¹

II. UNS GAS' RECOMMENDATION THAT THE PGA RATE REMAIN UNCHANGED.

Despite the over-collected balance, UNS Gas believes a PGA rate adjustment is not necessary at this time. The projected bank balance is forecast to become under-collected this coming winter. Exhibit A, "Projected PGA Bank Balance", attached hereto and incorporated herein by reference, illustrates UNS Gas' projected PGA bank balance through December 2010. As shown, the bank balance reaches its maximum over-collected level in July of 2007 and then changes rapidly for the next few months, building up an under-collected balance at the end of this winter. If the PGA rate is adjusted at this time, it will unduly increase this amount of under-collection. UNS Gas will notify the Commission in the event a change in natural gas prices causes it to modify its current opinion regarding a PGA rate adjustment.

III. <u>CONCLUSION</u>.

UNS Gas believes it is in the public interest to keep the PGA rate unchanged and address the over-collected bank balance threshold in the UNS Gas rate case.

WHEREFORE, for all the forgoing reasons, UNS Gas requests that its PGA rate remain unchanged at this time.

RESPECTFULLY SUBMITTED this /8 th day of July 2007.

UNS Gas, Inc.

Michelle Livengood

One South Church Avenue

Tucson, Arizona 85702

Attorney for UNS Gas, Inc.

²⁶ In the threshold threshold

¹ In the recent UNS Gas rate case filing (Docket No. G-04204A-06-0463), the Company is requesting that the threshold level of \$6,240,000 for under-collected bank balances, established in Decision No. 68325, be adopted as the threshold level for over-collected bank balances as well. RUCO has agreed with this recommendation and Staff has recommended a \$10 million threshold for over-collected bank balances.

1	Original and 13 copies of the foregoing filed this 18 th day of July 2007 with:
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3	Docket Control ARIZONA CORPORATION COMMISSION 1200 West Washington
4	Phoenix, Arizona 85007
5	Copy of the foregoing hand-delivered/mailed this _/8_ th day of July 2007
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7	Chairman Mike Gleason Arizona Corporation Commission 1200 West Washington Street Phoenix, Arizona 85007
8	
9	Commissioner William A. Mundell Arizona Corporation Commission 1200 West Washington Street Phoenix, Arizona 85007
10	
11	Commissioner Jeff Hatch-Miller
12	Arizona Corporation Commission 1200 West Washington Street
13	Phoenix, Arizona 85007
14	Commissioner Kristin K. Mayes Arizona Corporation Commission
15	1200 West Washington Street Phoenix, Arizona 85007
16	Commissioner Gary Pierce
17	Arizona Corporation Commission 1200 West Washington Street
18	Phoenix, Arizona 85007
19	Lyn A. Farmer, Esq. Chief Administrative Law Judge
20	Hearing Division Arizona Corporation Commission
21	1200 West Washington Street Phoenix, Arizona 85007
22	
23	Christopher C. Kempley, Esq. Chief Counsel, Legal Division Arizona Corporation Commission
24	1200 West Washington Street Phoenix, Arizona 85007
25	1 Hooma, Arizona 65007
26	

1	Ernest G. Johnson
2	Director, Utilities Division Arizona Corporation Commission
3	1200 West Ŵashington Street Phoenix, Arizona 85007
4	David Couture
5	Tucson Electric Power Company P.O. Box 711
6	Tucson, AZ 85702-0711
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8	By: Mary Sports
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EXHIBIT

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